

SUPPORT FOR THE IMPLEMENTATION AND MONITORING OF THE RECONSTRUCTION PROGRAM**(TC-01 04 02 9)****EXECUTIVE SUMMARY**

Requester:	Government of the Republic of El Salvador		
Executing agency:	Technical Secretary of the Presidency of the Republic		
Amount and Source:	IDB: (Japan Special Fund)	US\$750,000	
	Local: (in kind)	<u>US\$187,500</u>	
	Total:	US\$937,500	
Beneficiary:	Technical Secretary of the Presidency		
Terms:	Execution Period:	18 months	
	Disbursement Period:	24 months	
Objectives:	<p>The objective of this operation is to establish the capacity to monitor the execution of the multi donor reconstruction program of \$1.3 billion, agreed at the Madrid Donor’s conference of March 7, 2001, following the earthquakes of 2001. The operation will establish two principal monitoring systems: one system will monitor the financial flows relating to the reconstruction plan, producing detailed accounts of the contributions, loans committed and disbursements by sources and uses of the funds. The second will provide data to monitor the physical progress of the plan.</p>		
Description:	<p>The Japan Special Fund will finance consultants (91.7%), software (3,3%) and auditing (5.0%). The GOES will develop a strategy and a system to monitor financial aid, loans and disbursements in order to ensure a timely flow of resources. The system to be developed under this technical cooperation will allow the monitoring of all the financial agreements with the different donors and will shorten the timing of disbursements resulting in quicker financial flows to the government. (Terms of Reference page 7 Project File).</p> <p>The system will also monitor the physical progress of reconstruction activities and allow better coordination of the overall plan, so that any problems in execution can be rectified at an early stage. It will also allow better reporting of progress to the donor community and the civil society. (Terms of Reference page 9 Project File).</p> <p>The program contemplates short-term technical assistance and support to different executing agencies of the central government in the formulation of the projects included in the reconstruction plan. (Terms of Reference pages 13 and 15 Project File).</p> <p>Equity and transparency in the participation of the program will be improved through the provision of information to the population. This technical</p>		

cooperation will support the diffusion of information to the population in order to guarantee its participation in the control and evaluation of the program. (Terms of Reference pages 21 and 23 Project File).

The GOES seeks to apply the principles of MBR to reconstruction. However, the urgency of the reconstruction program and the multiplicity of sources of finance will make unanticipated demands on the managerial capacity of the public sector in the short term. This TC will address the urgent need to increase the public sector's capacity to implement and monitor the expenditure on reconstruction, pending the introduction of a permanent system of Public MBR. Thus, while the Country Paper sets out the Bank and country strategy, this TC was added later to the pipeline in response to the unanticipated needs created by the earthquakes of 2001. The Internet security for this operation will be assured by the execution of TC 01-01-02-4 "Pilot Program for Management by Results and Security Mechanism for the Evaluation of Public Policies". A Loan, "Public Sector Management by Results" (ES-0138) currently under preparation will contribute to the sustainability of the activities of the present operation.

**Environmental/
social review:**

The operation will produce positive environmental impacts because it: (i) improves the monitoring of environmental physical impacts and protection measures in reconstruction projects; (ii) improves project preparation by integrating the environmental variable in all steps of the project cycle in order to assure that only environmentally feasible projects are supported; and (iii) includes the diffusion of environmental related information. As a result of the operation the capacity to integrate environmental variables in the project cycle and especially to carry out environmental monitoring of works related to the reconstruction program will be enhanced. (See paragraph 5.2).

**Benefits and
beneficiaries:**

The immediate beneficiary is the Technical Secretary of the Presidency (STP) which will be better able to monitor and evaluate the reconstruction program. The International donor community will benefit from having updated information about the progress and impact of their participation. The population will benefit from having access to a system of public sector management by results which promotes their participation in governance, improves public sector performance and promotes a culture of accountability and user satisfaction.

Risks:

The GOES is well advanced in the conceptualization and design of the system and no particular risks are envisaged. The technical cooperation precedes a planned project, the sustainability of the actions initiated by this program will be sustained beyond the TC funding phase, if the project is approved in a timely manner.

In addition, the allocation of budget by GOES for the counterpart to the loan ES0138 will be a factor in the success and sustainability of this TC throughout the reconstruction program.

Bank's country and sector strategy:

El Salvador is engaged in a comprehensive program of Modernization of the State, with the support of the IDB. Since 1997, the STP has been executing a project with the support of the IDB (Loan 941/OC-EC "Fiscal Modernization"). As one component of its continued support to the modernization of the Salvadorian State, the Bank is in the final stage of processing a loan of US\$2.7 million to support a program of "Public Sector Management by Results (MBR)", ES-0138.

In addition the Bank is preparing a TC, (01-01-02-4), for US\$300,000 to institute, test and pilot a computer "firewall" type security system which will enable the entities of the government most advanced in MBR, including the activities funded under this JSF TC, to put their information systems in the public domain.

Special contractual conditions:

None.

Exceptions to Bank policy:

None.